

IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF MISSOURI  
WESTERN DIVISION

UNITED STATES OF AMERICA,	)	
	)	
Plaintiff,	)	
	)	
v.	)	No. 01-00221-01-Cr-W-1
	)	
RICHARD K. HALFORD,	)	
	)	
Defendant.	)	

PLEA AGREEMENT

The United States of America, the defendant Richard K. Halford, and his attorney Bruce C. Houdek, do hereby enter into the following plea agreement. There are no agreements or understandings other than those set forth herein.

1. Defendant agrees to enter a plea of guilty to a four-count Information charging violations of Title 18, United States Code, Section 371 (conspiracy) (Count One), and Title 26, United States Code, Section 7203 (failure to pay tax) (Counts Two, Three and Four). In order for the United States to file this Information, defendant must waive his right to prosecution by way of grand jury; by entering into this plea agreement, he does waive the right to have his case presented to a federal grand jury. Defendant further waives venue as to Counts Two, Three and Four and agrees to the filing of these counts in the Western District of Missouri.

2. Defendant understands and hereby agrees that by signing this plea agreement he is admitting the criminal allegations set forth in each count of the Information and admitting that he is, in fact, guilty of offenses alleged in those counts.

3. The charges to which defendant is pleading guilty carry the following maximum statutory penalties:

Count One: a term of imprisonment of not more than five (5) years, a fine of not more than \$250,000.00, a period of supervised release of not more than three years, and a \$100.00 mandatory special assessment. Restitution may also be ordered.

Counts Two, Three and Four: a term of imprisonment of not more than one (1) year, a fine of not more than \$100,000.00 plus the costs of prosecution, a period of supervised release of not more than one year, and a \$25.00 mandatory special assessment. Restitution may also be ordered.

4. As the factual basis for the pleas, defendant admits the following:

Count One: Conspiracy to Violate the Foreign Corrupt Practices Act

At all times relevant to this matter, defendant Richard Halford was a United States citizen and an officer, employee and shareholder acting on behalf of Owl Securities and Investments (OSI), a corporation having its principal place of business in Kansas City, Missouri. Further, between March 1997 and September 1999, Halford was the Chief Financial Officer and of OSI. As such he was a “domestic concern” as defined in the Foreign Corrupt Practices Act and an officer, employee, and shareholder acting on behalf of a domestic concern.

A few months after March 1997, defendant Halford joined with others to obtain a concession to develop a new port and resort in Costa Rica. Halford learned that another coconspirator, acting through a Costa Rican agent, had sent funds to Costa Rica to bribe officials of the Costa Rican government to obtain their support for the granting of the concession to OSI. Halford and the other conspirators promoted the Costa Rican project and raised funds from investors, some of which were used to pay bribes to Costa Rican officials.

During the summer of 1999, some of the conspirators told cooperating witnesses

and an undercover FBI agent who posed as potential investors or as intermediaries for potential investors that OSI had been heavily involved in the Costa Rican elections and that Costa Rican officials had been “taken care of.” They explained to the cooperating witnesses that the payments to Costa Rican officials could not “come back to us” because OSI simply paid its attorney, an official in a Costa Rican political party, in Costa Rica, who then provided “incentive payments” to the Costa Rican officials. In January 1998, the Costa Rican government issued a letter of intent to OSI stating its support for the eventual issuance of a concession.

The conspirators also agreed to offer a large final bribe to Costa Rican officials that would be explicitly contingent upon the final granting of the concession. In conversations with each other and in proposals they circulated to potential investors, the conspirators characterized this bribe as a “closing cost” or “toll payment.” The conspirators planned to open a letter of credit or an escrow account to demonstrate to the Costa Rican officials and politicians that they could pay the amount. Throughout the latter part of 1999 and 2000, the conspirators sought investors to fund the payment of the “closing cost.”

In furtherance of the conspiracy, Halford and other conspirators corresponded via electronic mail and facsimile transmissions and engaged in numerous telephone conversations concerning how to structure the “closing cost” in a manner to ensure that OSI would in fact obtain the concession from the Costa Rican government. For example, on May 8, 2000, Halford sent an electronic mail message to OSI’s agent in Costa Rica asking whether the “toll payment” would “cover all of the people in both parties,” what the amount of the toll would be, and whether it could be escrowed pending the granting of the concession to OSI. He stated in his message that OSI had budgeted \$1,000,000 for the toll payment.

The conspirators contacted various investors to raise the funds necessary to pay the “toll payment” or “closing cost.” For example, on May 25, 2000, Halford drafted a “proposal” to be circulated to potential investors that described a \$1,000,000 “closing cost” that would be escrowed until the concession was granted. In addition, on July 12, 2000, Halford discussed with a potential investor the “closing cost”, and on August 4 he sent this investor a letter describing the project and the need to fund a “closing cost.”

On August 9, 2000, Halford agreed with OSI’s Costa Rican agent’s suggestion to create a bank account in Panama that would be controlled by a third party known and trusted by the Costa Rican politicians but who had no ties to OSI. They agreed that this third party would disburse the funds to the Costa Rican politicians after the concession had been granted.

The amount of this final bribe escalated over time. At a meeting on August 17, 2000, in Kansas City, Missouri, the conspirators agreed to offer a final bribe payment of \$1,500,000. The conspirators agreed that this payment would be divided between the ruling political party and its supporters and the opposition party and its supporters to ensure that OSI’s concession would be secure regardless of which party was in power.

#### Counts Two, Three and Four: Failure to Pay Income Tax

During each of the calendar years 1997, 1998, and 1999, defendant willfully failed to pay income tax which was due and owing to the Internal Revenue Service. In 1997, defendant’s unpaid tax liability was \$11,178. In 1998, his unpaid tax liability was \$4,151. In 1999, his unpaid tax liability was \$1,600. In each of the years, 1997, 1998, and 1999, defendant had the funds available to pay his tax liabilities, but the defendant made the decision to use the available funds in each of those years for personal matters rather than for payment of his tax liabilities.

5. The United States agrees that no additional charges will be filed in the Western District of Missouri arising from the investigation leading to the charges in this case.

6. Defendant acknowledges that he discussed supervised

release with his attorney and that he understands the nature and the effects of supervised release.

In particular, he understands that violation of a condition of supervised release may result in revocation of supervised release and imposition of an additional term of imprisonment of not more than three years, without credit for time previously served during post-release supervision.

7. The parties are aware of no additional fraudulent conduct by defendant to be considered as “relevant conduct” for purposes of calculating loss under the offense level, in accordance with U.S.S.G. § 1B1.3(a)(2).

8. The parties stipulate and agree that the United States Sentencing Guidelines will apply in this case, as follows:

a. Count One, the Foreign Corrupt Practices offense, is governed by the provisions of U.S.S.G. § 2B4.1.

1. The base offense level is 8.

2. Because the amount of the bribes is approximately \$1,500,000, there is an increase of 11 offense levels.

3. The total offense level is 19.

b. Counts Two, Three, and Four, the tax offenses, are governed by the provisions of U.S.S.G. §§ 2T1.1 and 2T4.1.

1. The base offense level is 11 based on a tax loss of \$16,929 (1997: \$11,178; 1998: \$4,151; and 1999: \$1,600).

c. Under the multiple counts rules, if Count One is one group, and Counts Two, Three, and Four are one group, there is no increase in the offense level.

d. The parties believe defendant has and will clearly accept responsibility for his

offense, and has timely notified authorities of his intention to enter a plea of guilty, thereby permitting the government to avoid preparing for trial and permitting the court to allocate its resources efficiently, so that he will be entitled to a decrease of three offense levels pursuant to § 3E1.1.

e. The parties further believe that defendant is in Criminal History Category I.

f. At Criminal History Category I, the sentencing range for offense level 16 is 21-27 months. [The parties anticipate, however, that defendant will cooperate in the investigation and prosecution of others, and that a motion under § 5K1.1 will be filed.]

The parties make no agreement with respect to the applicability of any other section of the Sentencing Guidelines and are free to argue or otherwise advance any position not specifically addressed in this plea agreement.

9. The defendant agrees to cooperate fully and truthfully with the United States as follows:

a. Defendant agrees to provide truthful, complete, and accurate information and testimony in the trial of this matter or in any related hearing;

b. Defendant agrees to provide all information concerning his knowledge of, and participation in, the offenses charged in the Information, and any other crimes about which he has knowledge;

c. Defendant agrees that he will not falsely implicate any person or entity and will not protect any person or entity through false or misleading information or omission;

d. Defendant agrees to testify as a witness before any grand jury, hearing, or trial when requested to do so by the United States;

e. Defendant agrees to hold himself reasonably available for any interviews the United States may require. Defendant waives any right to the presence of counsel at such meetings, debriefings, or pretrial preparation sessions,

unless his attorney specifically requests to be present at each meeting;

f. Defendant agrees to provide to the United States all documents or other items under his control which may pertain to any criminal violation;

g. Defendant understands that his cooperation shall be provided to any local, state, and federal law enforcement agency as requested by counsel for the United States;

h. Defendant agrees and understands that this Plea Agreement requires that his cooperation may continue even after the time he is sentenced. Failure to continue to cooperate after sentence is imposed constitutes a basis to void this agreement by the United States;

i. Defendant agrees that if the United States determines that he has not provided full and truthful cooperation, or has committed any local, state, or federal crime between the date of this Plea Agreement and his sentencing, or has otherwise violated any other provision of this Plea Agreement, or has violated the terms and conditions of his release while on bond as required by the Court, the Plea Agreement may be voided by the United States and defendant shall be subject to prosecution for any federal crime of which the United States has knowledge including, but not limited to, perjury, obstruction of justice, and any substantive offenses arising from this investigation. Such prosecution may be based upon any information provided by defendant during the course of his cooperation, or upon leads derived therefrom, and this information may be used as evidence against him. In addition, defendant's previously entered plea of guilty will remain in effect and cannot be withdrawn. Further, any prosecution which is not barred by the applicable statute of limitations on the date of the signing of this Plea Agreement may be commenced against defendant in accordance with this Plea Agreement, notwithstanding the expiration of the statute of limitations between the time of signing this agreement and the commencement of the prosecution. It is the specific intent of this Plea Agreement to waive any and all defenses based upon the statute of limitations with respect to any prosecution which is not barred by the statute of limitations on the date this Plea Agreement is signed by defendant;

10. "Substantial assistance" within the meaning of 18 U.S.C. § 3553(e) has not yet been provided by defendant. Upon the determination by the United States Attorney for the Western District of Missouri that defendant has provided "substantial assistance," the United States shall request the Court to reduce the sentence defendant would otherwise receive under the applicable



statutes and/or sentencing guidelines pursuant to the Sentencing Guidelines, Section 5K1.1. The United States reserves the right to make the sole determination as to whether and when defendant has provided such substantial assistance and further whether to request a reduction generally or a specific sentence or sentence reduction.

11. In exchange for defendant's agreement to cooperate with the United States, the United States agrees not to use new information that defendant provides about his own criminal conduct except as specifically authorized by Section 1B1.8 of the United States Sentencing Guidelines. As such, this information may be revealed to the Court but may not be used against the defendant in determining defendant's applicable guideline range or departing above his guideline range. Defendant understands and agrees, however, that under Section 1B1.8, there shall be no such restrictions on the use of the information: (1) previously known to the United States; (2) revealed to the United States by, or discoverable through, an independent source; (3) in a prosecution for perjury or giving a false statement; (4) in the event there is a breach of this agreement; or (5) in determining whether and to what extent a downward departure as a result of a government motion pursuant to U.S.S.G. § 5K1.1 is warranted.

12. The United States will not oppose a request for self-surrender and/or designation to a particular institution.

13. Defendant agrees to pay restitution as ordered by the court.

14. Defendant agrees to pay the special assessment of \$175.00 within 10 days of his plea.

15. The plea of guilty shall be entered as soon as practicable.

16. The parties understand and agree that this agreement is binding only on the parties and not on the Court or the United States Probation Office.

17. Defendant understands that if the Court accepts this plea agreement but imposes a sentence which he does not like, he will not be permitted to withdraw his plea of guilty.

18. There are no agreements between the Government and defendant regarding (a) imposition of a fine or the amount of that fine, (b) imposition of costs of a sentence of imprisonment or the amount of those costs, or (c) imposition of the costs of a term of supervised release or the amount of those costs.

19. Defendant waives all rights, whether asserted directly or by a representative, to request or receive from any department or agency of the United States any records pertaining to the investigation or prosecution of this case, including without limitation, any records that may be sought under the Freedom of Information Act, 5 U.S.C. § 552, or the Privacy Act of 1974, 5 U.S.C. § 552a.

20. Defendant further understands that a breach by him of any condition of this plea agreement may render this agreement null and void at the option of the United States. He further understands that should that occur, the United States may pursue any additional charges arising from the criminal activity under investigation as well as any perjury, false statement, or obstruction of justice charges which may have resulted.

21. Other than the promises by the United States set forth in this plea agreement, defendant understands that the United States otherwise reserves the right to:

a. Oppose or take issue with any factual or legal position advanced by defendant at the sentencing hearing, including any issues related to the application of the U.S.

Sentencing Guidelines in this case;

- b. Comment on the evidence supporting the charges in the Information;
- c. Oppose any arguments and requests for relief the defendant may advance on an appeal from the sentence imposed; and
- d. Oppose any post-conviction relief, motion for reduction of sentence, or other relief.

22. Defendant has read this agreement, has discussed it with his counsel, and understands it. By his signature, he states that this agreement is true and accurate and not the result of any threats, coercion, or promises made by the Government or anyone acting for the Government other than those promises contained in this written plea agreement, nor has the United States promised defendant any additional consideration to induce him to sign this Plea Agreement. Defendant acknowledges that he is entering into this Plea Agreement and is pleading guilty freely and voluntarily. Defendant further acknowledges his understanding of the nature of the offense to which he is pleading guilty and the elements of the offense, including the penalties provided by law, and his complete satisfaction with the representation and advice received from his undersigned counsel. Defendant also understands that he has the right to plead not guilty or to persist in that plea if it has already been made, the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against him, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in his defense. Defendant understands that by pleading guilty, he waives or gives up those rights and there will be no trial. Defendant further understands that if he pleads guilty, the

Court may ask him questions about the offense or offenses to which he pled guilty, and if he answers those questions under oath and in the presence of counsel, his answers may later be used against him in a prosecution for perjury or false statement. Defendant also understands he has pled guilty to a felony offense and, as a result, may be deprived of certain rights, such as the right to vote, hold public office, serve on a jury, and possess a firearm.

Marietta Parker  
United States Attorney

Date: \_\_\_\_\_

\_\_\_\_\_/s/  
Linda Parker Marshall #24954  
Assistant United States Attorney

Date: \_\_\_\_\_

\_\_\_\_\_/s/  
Philip Urofsky, Trial Attorney  
Fraud Section  
Criminal Division  
United States Department of Justice

Date: \_\_\_\_\_

\_\_\_\_\_/s/  
Richard K. Halford  
Defendant

Date: \_\_\_\_\_

\_\_\_\_\_/s/  
Bruce C. Houdek  
Attorney for Defendant